DRN-5718023

The complaint

Mr W complaints that Gain Credit LLC trading as Drafty ("Drafty") has unfairly reported adverse information with the credit reference agency after he was late making his payment.

What happened

The complaint concerns a running credit facility which was opened in August 2024 with a credit limit of £800. Mr W has said that due to cash flow problems the minimum payment Drafty required by 22 April 2024 wasn't made on time. Drafty's statements show the minimum payment credited his account on 28 April 2024 before Mr W repaid the remaining balance on 30 April 2024.

Drafty reported the late payment with the credit reference agency which Mr W says is unfair because its common banking practice to not report late payments if the account is brought up to date within the same calendar month. He also said the adverse payment marker will hinder his ability to obtain a mortgage in the next six months and he has subsequently been declined further credit.

Following Mr W's complaint, Drafty explained in its final response letter that it wouldn't be removing the late payment marker because it was an accurate reflection of the account conduct. Unhappy with response, Mr W referred the complaint to the Financial Ombudsman, where it was considered by an Investigator. The Investigator didn't uphold the complaint and Mr W didn't agree saying in summary.

- He's not been treated fairly.
- Mr W used to work for a bank who wouldn't report to credit reference agencies if payments were made within the same calendar month.
- Mr W had other repayment problems in April 2025, but these other lenders didn't report the late payments to the credit reference agencies.

As no agreement could be reached, Mr W's complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having looked at everything I am not upholding the complaint because I don't think Drafty has made an error by reporting adverse payment information to the credit reference agencies. I appreciate this will come as a disappointment to Mr W and wasn't the answer he was hoping for, but I've set out below the reasons why I've come to this decision.

When looking at complaints about missed payment markers it's important to consider not just what the terms and conditions of the credit agreement state but also wider industry guidance which can also be found in the "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*" which has been issued by the Information Commissioner's Office (ICO).

I've seen the account statement which was produced in April 2025 and this set out that the minimum payment of £66.29 needed to have been credited to Mr W's account by 22 April 2025 but it wasn't credit until 28 April 2025. Mr W's payment was late.

The credit agreement for the facility sets out the rules and requirements that both Mr W and Drafty will be bound by. Section 6.3 sets out that the minimum payment needs to reach the account by the repayment date shown on the statement and section 8 gives Drafty the option to report the missed payment with the credit reference agency. Finally, section 9 goes on to say.

> *9.1 If we do not receive the Minimum Payment by the payment date, we will let credit reference agencies know you have not paid and this could make it more difficult and expensive for you to get credit in future. If your account is determined to be in default or if you become insolvent, this will remain on your credit file for 6 years.*

I also want to add that Drafty's terms and conditions are consistent with the guidance issued by the ICO and which I've referenced above– Principle Two says.

> *2. Should a payment not be made as expected, information to reflect this will be recorded on your credit file*
>
> *If you do not make your regular expected payment by the agreed time and/or for the agreed amount according to your terms and conditions, the account may be reported to the CRAs as being in arrears.*

I'm satisfied having reviewed the credit agreement that Drafty expects payments to be made by the payment due date and should payments not be made by the due date it is entitled to report that to the credit reference agencies. That is what has happened here and as such I can't say that Drafty has made an error.

While Mr W did clear the total outstanding balance within eight days of the payment due date, that doesn't change or impact the information Drafty reported to the credit reference agency because the payments didn't reach the account by the due date. As such Mr W was in breach of the terms and conditions of the facility.

I can understand Mr W's disappointment given what he's said about his previous work experience and that other lenders who he was late paying in April 2025 didn't report those payments to the credit reference agencies. Understandably, Mr W feels the reporting by Drafty is unfair.

But I'm not being asked to consider what these other lenders did or didn't do and while I don't rule out other banks and lenders have different internal procedures I don't think in the circumstances it's fair to judge whether Drafty has done something wrong against what other lenders may or may not do.

I say this especially when the credit agreement and the ICO guidance is clear – that adverse payment markers can be reported to the credit reference agencies. And I can't say Drafty should remove the payment marker solely because other lenders may take a different approach.

And as far as I can see there is no requirement for Drafty to have to wait until the end of the calendar month to report arrears to the credit reference agency – some lenders may take that approach but just because Drafty hasn't that doesn't mean the adverse payment markers are incorrect.

Overall, the late adverse payment market is an accurate reflection of how the account was repaid and Drafty within the terms and conditions of the agreement is entitled to report this to the credit reference agencies. As such, while I know Mr W feels this is unfair Drafty hasn't ultimately made an error and so I can't ask it to update his credit file.

I am therefore not upholding the complaint.

My final decision

For the reasons I've set out above I am not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 August 2025.

Robert Walker
Ombudsman